



SWITZERLAND'S INTERNATIONAL COOPERATION ANNUAL REPORT 2007



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development
and Cooperation SDC

State Secretariat for
Economic Affairs SECO

The Swiss Agency for Development and Cooperation (SDC)

The SDC is the Swiss agency mandated to carry out international cooperation activities. As part of the Federal Department of Foreign Affairs (FDFA), the SDC has its own programs, supports those of multilateral organizations, and shares in financing the work of Swiss and international development organizations. Its main areas of operation are:

- bilateral and multilateral development cooperation,
- humanitarian aid, notably with the Swiss Humanitarian Aid Unit (SHA),
- cooperation with Eastern Europe.

In addition, the SDC ensures overall coordination of development cooperation and humanitarian aid with other responsible federal offices. Employing a total of about 1,620 people – including local staff – who work in Switzerland and abroad, its budget for 2007 amounts to CHF 1.343 billion. Until 30 April 2008, the Director-General of the SDC was Ambassador Walter Fust. His successor is Ambassador Martin Dahinden.

State Secretariat for Economic Affairs (SECO)

The Economic Cooperation and Development Division of SECO implements economic and trade policy measures in support of developing and transition countries. SECO has two main objectives: to encourage the integration of partner countries into the world economy and to support sustainable economic growth in order to reduce poverty. It is responsible for Switzerland's relations with the World Bank Group and Regional Development Banks.

SECO is part of the Federal Department of Economic Affairs (FDEA) and directed by State Secretary Jean-Daniel Gerber. The Economic Cooperation and Development Division has 65 employees and disbursed CHF 202.5 million in 2007. The new head of the Division is Ambassador Jörg Al. Reding, SECO Federal Council Delegate for Trade Agreements.

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Martin Dahinden



Jean-Daniel Gerber

Editorial

The political debate in 2007 repeatedly focused on Switzerland's international cooperation policy with developing and emerging countries. The Federal Council, followed by the Parliament, approved three framework credits that enable the SDC and SECO to continue their activities in humanitarian aid and cooperation with Eastern Europe and the CIS over the next four years, as well as to make use of the contribution for the extension of the European Union.

One encouraging political signal for the future is the fact that the Parliament agreed not to discriminate against any investments in development cooperation as compensation for the approved supplementary credits. This decision was especially important one year before the discussion on two other key issues is launched, namely the continuation of cooperation with countries of the South and of economic development cooperation.

Even though the debate on increasing public development aid is still in progress, the above decision shows that Switzerland is resolutely committed to meeting the objectives of the Millennium Development Goals. This is also attested by its active role within International Institutions and Regional Banks.

Moreover, both the SDC and SECO have been committed for the past several years to further improving the positive impact of their interventions on the ground. From this perspective, and combined with the geographical and thematic focus of their activities, they set up a self-evaluation system that will be introduced with the publication of an efficiency report. Released in parallel to this annual report, this document will enable us to show in practical terms how the recipient populations actually benefit from the programs implemented by Switzerland.

Martin Dahinden
Ambassador,
SDC Director-General

Jean-Daniel Gerber
State Secretary,
SECO Director

Switzerland's international cooperation

2007 in numbers

- In 2007, the SDC was engaged in about a thousand projects. It employs about 620 Swiss nationals, in addition to about a thousand local employees in partner countries.
- Made up of a voluntary militia corps, the Swiss Humanitarian Aid Unit (SHA) can rely on about 700 experts. In 2007, 190 of these were deployed in the course of 261 missions.
- At SECO, the Economic Cooperation and Development Division employs 65 staff. In 2007 it was involved in more than 200 programs.

Since 2004, Switzerland allocates about 0.4% of its gross domestic income to fighting poverty in developing and transition countries, in complete alignment with the Millennium Development Goals of the United Nations. The Swiss government has mandated two offices to coordinate international cooperation: the Swiss Agency for Development and Cooperation (SDC) and the State Secretariat for Economic Affairs (SECO). Close collaboration between these two offices guarantees the efficiency and positive impact of the Swiss Confederation's development cooperation efforts.

The objective of all development cooperation activities is to improve the living conditions of the most deprived people. SDC priorities include preventing and resolving conflicts, fostering good governance and social development, promoting training and employment, improving social justice and preserving natural resources. To reach these objectives, it systematically encourages personal initiative in the countries where it is active and reinforces the abilities of its partners to help themselves.

The SDC's bilateral development cooperation is focused on 14 priority countries and includes 7 special programs in the Middle East, Africa, Asia and Latin America. Its key objective is to fight poverty. It helps to control ecological problems and supports measures to improve the access of the most deprived populations to training and basic medical care.

Concerning SECO's economic and trade policy measures which focus on development cooperation, the objective is to support the integration of partner countries in the world economy and encourage their sustainable economic growth in

order to reduce poverty. Essentially, it is about increasing competitiveness and ensuring trade diversification, mobilizing Swiss and foreign investments, improving basic infrastructures and promoting stable economic frame conditions. Issues pertaining to energy, the environment and the climate are accorded special attention.

The SDC and SECO support the countries of Eastern Europe and the Community of Independent States (CIS) in their transition to democracy and a market economy, focusing their activities on South-eastern Europe and Central Asia. This aid is provided through know-how transfer and financial support. The strong points of this cooperation are the establishment of democratic institutions and structural economic reform, as well as the reform of health and educational systems. It also aims at improving the ecological situation and basic infrastructures. Since 2007, Switzerland has also been contributing to the reduction of social and economic inequalities within the enlarged European Union.

A supplementary task incumbent on the SDC is humanitarian aid – an important foreign policy instrument that allows the Swiss Confederation to intervene worldwide to provide survival and reconstruction aid to people in need. Humanitarian aid is delivered where it is most needed as direct assistance to victims of natural disasters and armed conflicts, and also embraces the fields of prevention and victim advocacy.

On the multilateral level, the SDC collaborates in particular with United Nations organizations, the World Bank and Regional Development Banks, as well as the Red Cross and the Red Crescent Societies.



Multilateral Cooperation

As a small country, Switzerland requires an effective multilateral system. To contribute to this objective, it works actively within various commissions to achieve a fair distribution of assignments coupled with a coordinated mode of operation, as well as good governance within multilateral institutions.

Reforms in the multilateral system: slow but continuous

The year 2007 was marked by a series of reform efforts within the multilateral system. In the UN, efforts to tighten operational structures continued, including on a country level under the slogan «One UN.» Switzerland successfully contributed to negotiations on the resolution of the «Triennial comprehensive policy review» (TCPR) that was passed by the General Assembly in December 2007. The TCPR is the main guiding instrument used in implementing operational activities and instituting the respective reforms of the UN system.

In the fall of 2007 the Board of Governors of the International Monetary Fund (IMF) approved a policy paper on the reform of voting rights that would give certain emerging national economies (Brazil, India, China) and developing countries better representation in the IMF. Decisions are expected to be made in the spring of 2008.

In mid 2007, Robert Zoellick (USA) assumed his new position as President of the World Bank Group and in October he presented the World Bank's long-term strategy. The Bank aims at renewed efforts to pursue the objectives of reducing poverty and achieving sustainable and fair growth against the backdrop of the numerous challenges facing the global economy. Switzerland considers its active participation in developing UN and IFI (International Financial Institutions) reforms as a central task in order to achieve an efficient multilateral development framework that includes the distribution of work among the various partners.

Development financing, climate change and development

Preparations for the 2008 Doha Conference on Financing for Development (*Monterrey plus 6*) were already running in both the UN and the BWI (Bretton Woods Institutions). At the conference a central issue will be climate change and development. This issue has already been raised in the Human Development Report 2007/2008 (published in December 2007) ahead of the United Nations Climate Change Conference in Bali. The World Bank and the International Monetary Fund presented their assessments and strategies on questions of adaptation to climate change and its mitigation. These issues necessitate urgent attention at both policy and operational levels in bilateral and multilateral development cooperation.

Development funds: can Switzerland keep up the pace of increased funding?

The year 2007 witnessed a series of multilateral negotiations on the replenishment of development funds, concerning in particular the financing of the Multilateral Debt Relief Initiative (MDRI), as well as the replenishment of both the International Development Association (IDA15) and the African Development Fund (ADF 11). The financing of these multilateral funds is an important challenge for Switzerland. With a budget that is increasing only slightly, the country is no more able to respond to the increase in financial requirements, which are in some cases massive, to replenish these funds. Switzerland has therefore had to reduce its share of financial contributions.



Cooperation with Eastern Europe and the CIS

By adopting the report on the continuation of Switzerland's cooperation with Eastern Europe and the Community of Independent States (CIS), the Parliament agreed to increase Switzerland's financial commitment from CHF 650 to 730 million to support the transition process in these countries and in order not to endanger the share of gross domestic income that it grants to official development assistance (ODA). As a reminder, the purpose of transition aid is to consolidate democratic processes, strengthen the rule of law as well as establish an open and social market economy.

Following extensive preparations, the bilateral framework agreements with the ten new member states of the EU were signed in Bern on December 20, 2007, by Federal Councillors Micheline Calmy-Rey and Doris Leuthard. These agreements set the terms for the implementation and utilisation of Switzerland's CHF 1 billion contribution to European cohesion. The content of these cooperation programs will be discussed and elaborated with each of the ten partner countries. Several offices have been established, attached to the Swiss embassies in Budapest, Prague, Warsaw and Riga, to handle their implementation.

In the Balkans

Despite an unstable political environment, some progress was recorded concerning governance and economic development in all western Baltic States. Regional cooperation has been improved within the Stability Pact through initiatives dealing with training, health and security.

The strategy of regional programs in the areas of culture, the police force and research put more emphasis on anchoring program implementation in the regions themselves.

In Albania, the professional training program that was supported for many years enabled the realization of a national strategy. In Kosovo, the political dialogue was widened and hence strengthened in preparation for independence.

Programs in Bulgaria and Rumania were concluded and an important capitalisation was made from lessons learned in the areas of health, rural development and decentralization.

In the CIS

New strategies to support transition aid were adopted for several countries and regions of the Community of Independent States: the Ukraine (2007–2010), Central Asia (2007–2011) and the Republic of Moldavia (2007–2009). The strategy for the Caucasus (2008–2010) was also worked out in preparation for its implementation in the first half of 2008.

Unstable political conditions in several countries, notably the Ukraine, Georgia and Kyrgyzstan, hindered the development of consistent policies in certain reform processes. Nevertheless, program implementation could continue as foreseen.

Furthermore, given that the western countries of the CIS serve as hubs for human trafficking, the basic conditions were established for a regional prevention and victim protection program that will start in 2008.

Bilateral Development Cooperation

Turning to bilateral cooperation, the processes of harmonization and alignment have become permanent concerns; their effects are now visible in all the programs which are under implementation. One important aspect of putting these principles into practice was the organiza-

tion of a multi-sector workshop on health during which lessons learned in Tanzania and Central America were analysed.

Once again cooperation policy with Africa was a central issue in discussions on the efficiency of international development aid. At the



Swiss level, this theme was widely discussed at the July regional conference of ambassadors and heads of coordination offices held in Dakar. It was also evoked subsequently during the official visit made by the President of the Swiss Confederation, Micheline Calmy-Rey, to seven West African and Central African countries.

Diverse cooperation strategies were updated and in several cases this revision work was carried out together with SECO.

In Latin America

The objective in Peru and in Bolivia is to make the poorest population segments benefit more from economic growth. To achieve this it will be necessary to reinforce the democratization of institutions and improve governance, to support economic growth on a long-term basis and guarantee the cautious and sustainable use of natural resources, putting a priority on biodiversity conservation.

In Africa

The regional orientation of programs for Southern Africa was confirmed, with emphasis placed

on governance, the fight against HIV/Aids and the management of natural resources. In Tanzania, priority is given to reducing poverty, promoting economic growth and improving general living conditions. As for Burkina Faso, the focus from now on will be on education and training, as well as the promotion of economic growth and decentralization.

Concentration

A progressive concentration of activities continued in the areas of good governance, income and employment.

In Ecuador and Bhutan, disengagement policies will continue in view of the withdrawal foreseen for 2010. Meanwhile, in India financial commitments were reduced while the implementation of partner programs made headway mainly in the areas of energy, climate change and governance.

Concerning environmental protection, two multiyear programs were launched: the first in Peru dealing with adaptation to climate change, and the other in Mongolia on the fight against desertification.

Humanitarian Aid

The mission of Swiss Humanitarian Aid is to save lives and alleviate suffering in situations of crisis, war or disaster. It operates neutrally, independently and unconditionally in four areas: prevention and preparedness, emergency relief, reconstruction/rehabilitation and victim advocacy. A third of its budget finances bilateral interventions and two thirds supports multilateral humanitarian organizations, especially the International Committee of the Red Cross (ICRC) and five UN agencies.

In order to meet increased international requirements during interventions in disaster situations, Humanitarian Aid had itself officially ISO certified for emergency aid, i.e. «Rapid Response» according to the internationally agreed terminology.

In the multilateral sector, special efforts were put into setting up better coordinated work procedures with important partners. In addition, a document was drafted proposing the deployment of military means in cases of natural disasters.

In Africa

In the Sudan (Darfur), in Chad, the Central African Republic and Eastern Congo, the fighting between various armed groups and governmental troops, as well as increased attacks on civilian populations, have provoked huge population displacements. Access to the victims was particularly difficult in West Darfur and Eastern Chad.

While Southern Africa suffered serious drought, all of Western Africa – from Mauritania to Uganda – was subjected to the consequences resulting from heavy flooding. The Horn of Africa was not spared and the destruction of numerous crops led to an increased need for emergency aid.

In Asia and America

Several natural disasters led to emergency situations that considerably worsened the living conditions of the affected populations. To limit the negative effects of these disasters, Humanitarian Aid developed programs for reconstructing



sturdier buildings, supplemented by activities that support the socioeconomic rehabilitation of victims. It was also strongly engaged in the field of reducing risks related to natural disasters.

In the Near East

The crises that shook the Middle East have not calmed down; in several cases the situation has worsened. The number of people dependent on international aid has increased. Added to the already existing 4.5 million Palestinian refugees were two million Iraqi refugees that fled for the most part into Jordan and Syria, as well as 1.7 million displaced persons. Meanwhile, the situation of 3.6 million inhabitants living in the occupied Palestinian Territory substantially deteriorated again, especially in the Gaza Strip where access to basic services is no longer guaranteed.

In Eastern Europe and the CIS

Programs were continued in Moldavia, Byelorrussia, the Russian Federation (in North Caucasus, North Ossetia, Ingushetia and Chechnya), in Georgia, Armenia, Central Asia and Mongolia. The main areas of concern were the unresolved conflicts in the Caucasus, with interventions made in integration aid or for the return of displaced populations, access to water, health, education and natural disaster risk preparedness. Worth special mention is the fact that the program for the child hostage victims in Beslan was completed.



Thematic Resources

The number of priority themes was reduced to ten, in addition to the two transversal themes of governance and gender policy. New medium-term strategies were implemented and allow a clearer positioning of thematic resources within the institution. This Department can therefore more efficiently fulfill its role as provider of services and for transferring its knowledge and experiences to other SDC operational divisions. At the international level, synergies have been established between Switzerland, partner countries and multilateral organizations, as well as between donor countries.

Notable progress was recorded in the area of knowledge management (a crucial element with regard to achieving effective development cooperation) and the realization of gender and governance policies. New strategies in the areas of training and anticorruption as well as a policy on youth and development were adopted and went into effect.

The subject of «climate and development» has also gained importance. A road map was drawn up in order to lend more meaning to the commitment on climate change based on numerous already existing project experiences. The involvement comprises bilateral SDC pro-

grams and multilateral support, as well as the shaping of Swiss energy policy.

The «conflict-sensitive project management» instrument was improved and introduced in several partner countries (namely in the Great Lakes and Nepal). With this instrument it is possible to gather information on if and how a development program can contribute to preventing people from resorting to force and transforming conflicts into peaceful negotiations.

Special efforts were invested in the agricultural sector, which plays an important role in reducing poverty, especially in Africa. The SDC has always supported the search for innovative solutions in agriculture and will continue to do so in the future, especially in order to take into account the new challenges related to adaptation to climate change and the production of biofuels.

Economic Cooperation

Through economic cooperation and development, SECO encourages the inclusion of partner countries in the world economy and fosters their sustainable economic growth in order to reduce poverty.

Investment promotion aims at improving the business environment and supporting SMEs in partner countries. One of its focal points is funding businesses through the development finance company Sifem Inc. (*Swiss Investment Fund for Emerging Markets*) that is mandated by SECO. In the reporting year, investments of around CHF 70 million were approved, thus further reinforcing SECO's commitment towards mobilizing private investments in Africa, Asia, Latin America and Eastern Europe/CIS. The investments were in support to venture capital funds to finance SMEs, (micro)finance institutions and a leasing business.

The Federal Council approved the extension of the agreement for services aimed at the promotion of imports from developing or transition countries (*Swiss Import Promotion Programme, SIPPO*). The SIPPO programme concentrates on bringing producers from developing or transition countries together with importers and traders from the EU and Switzerland. After approximately 10 years of operations, the *Swiss Organization for Facilitating Investments (SOFI)* has reached its objectives and will be dissolved; it will be replaced by a new, substantially reduced investment promotion mandate that will concentrate on a few African partner countries. This new mandate is consolidated with both the import support (SIPPO) and the Osec export promotion mandates.

The Preferential Tariffs Law and its new Ordinance both came into force in 2007. Customs concessions will now provide the least developed countries access for their products to the Swiss market free of custom duties and quotas. Improving the trade capacities of the poorest developing countries was an objective pursued by the international community in the scope of the *Enhanced Integrated Framework (EIF)*, a broadly backed multilateral process that also receives political and financial support from Switzerland.

As concerns economic policy support, a generally positive trend in the realization of economic reform programs allowed the complete disbursement of planned budget support for 2007 to all partner countries which benefit from this instrument, namely Ghana, Mozambique, Burkina Faso, Nicaragua, Tanzania and Benin. The payments were initiated after a thorough check was made of the previously agreed upon performance indicators in each country. The most convincing results achieved were improvements in public expenditure efficiency, a strengthening of budget discipline, as well as the opening and liberalization of domestic markets.

By improving basic infrastructure, Switzerland promotes the development of the framework conditions required for economic growth and enhanced living conditions of the population. Projects in the energy sector concentrate on increasing energy efficiency. Not only do they make an essential contribution to improving the power supply system and helping electricity companies to financial recovery, they also help to reduce CO₂ emissions. The same goal is served by renewing the infrastructure of hydraulic power plants. For example, preparations for a project aimed at improving the energy efficiency in Kosovo were completed in 2007. The resulting construction of a new electric substation now helps to avoid the frequent power cuts experienced in the fast growing region of Gjilan while at the same time reducing the high losses incurred through overloads on the electricity network.



Statistics 2007

Introduction

This statistics section is divided into two main sections:

- Use of funds dedicated to international cooperation by the SDC and SECO (Economic Cooperation and Development, WE) in 2007, according to fields of intervention (cooperation with the South, humanitarian aid and cooperation with the East). These activities are presented by geographical region, by sector and by theme, as well as by main partners (pages 10 to 15).
- 2007 statistics on Swiss official development assistance (ODA) (pages 16–18), according to sources of financing and main aid categories. Bilateral ODA is divided by continents and groups of recipient countries, and multilateral ODA by main beneficiary organizations.

Technical notes

- Not all SDC and SECO (WE) expenditures are automatically incorporated in the ODA figures. Certain disbursements cannot be reported as ODA because they are intended for countries that are not on the list of developing countries (see explanations on page 16).
- The statistics reflect the geographical and thematic priorities of the SDC and SECO (WE) during the year 2007. As of 2008, the number of priority countries and regions of development cooperation will be reduced (for the SDC from 17 to 14, and for SECO (WE) from 12 to 7).
- The financial involvement of the SDC and SECO in the enlargement of the European Union is not reflected in these statistics. The projects ensuing from the bilateral framework agreements signed in December 2007 will be implemented gradually in 2008.

Symbols

p = provisional 0.0 = amount less than CHF 50,000
 – = nil .. = not available

Table 1
Overview of SDC/SECO (WE) expenditures 2003–2007 (mil. CHF)

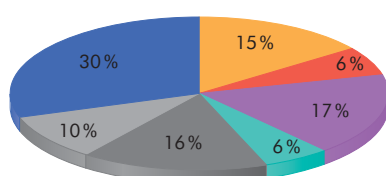
Total SDC expenditures	2003	2004	2005	2006	2007
Humanitarian aid	272.7	280.9	303.7	301.5	287.1
Development cooperation	869.3	896.6	905.1	919.7	959.3
Cooperation with Eastern Europe and the CIS	102.2	107.2	104.2	108.6	96.5
Contribution to the extension of the EU	–	–	–	–	0.2
Total SDC	1'244.2	1'284.7	1'313.0	1'329.8	1'343.1

Total SECO (WE) expenditures	2003	2004	2005	2006	2007
Development cooperation	164.7	166.2	153.9	153.7	149.9
Cooperation with Eastern Europe and the CIS	96.3	96.4	84.5	79.4	52.4
Contribution to the extension of the EU	–	–	–	–	0.3
Total SECO (WE)	260.9	262.6	238.4	233.1	202.6

Graph 1

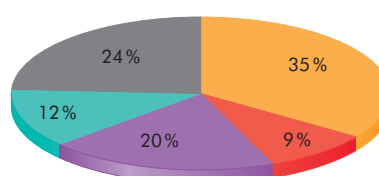
Breakdown of SDC and SECO (WE) expenditures 2007

SDC



■ Africa
■ Latin America
■ Asia
■ Europe
■ Not allocated geographically
■ Program contributions to Swiss NGOs and ICRC
■ Multilateral

SECO (WE)



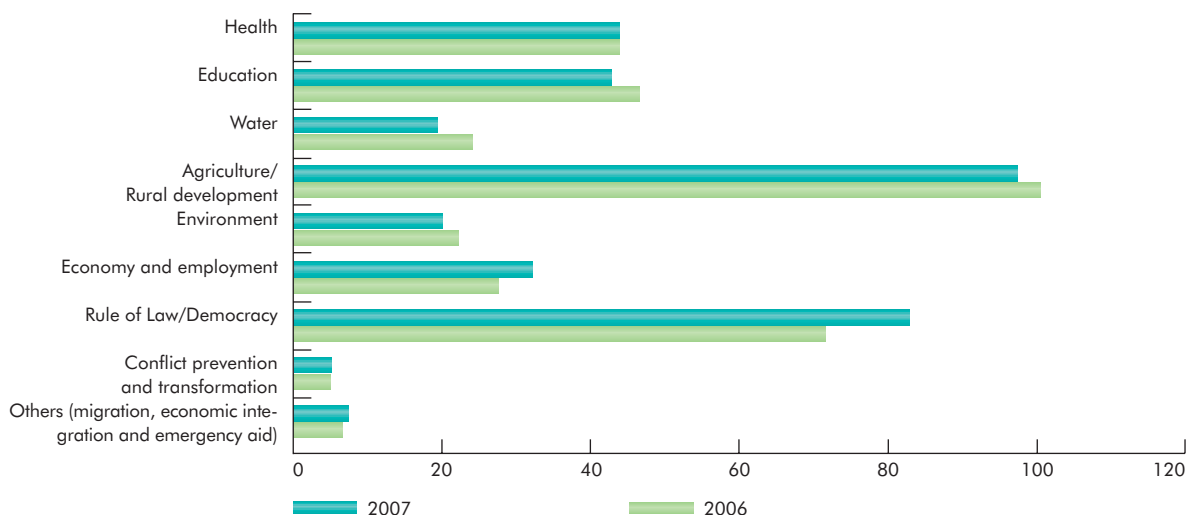
■ Africa
■ Latin America
■ Asia
■ Europe
■ Not allocated geographically

Table 2
SDC partners in bilateral activities 2005–2007 (mil. CHF)

	2005	2006	2007
Swiss NGOs	218.1	217.7	192.9
<i>of which: program contributions</i>	59.7	61.8	60.3
Swiss research and university institutions	44.8	44.0	44.2
Swiss private sector	44.5	43.2	44.4
Swiss public sector	16.8	14.8	11.8
United Nations organizations, multi-bilateral activities	114.0	101.7	113.0
International financial institutions, multi-bilateral activities	10.9	12.8	12.9
Other international organizations	164.9	173.8	175.7
Organizations of the South and East	151.0	160.3	150.6
Direct interventions, operating costs	180.2	179.7	194.2
Total	945.3	947.9	939.5

The SDC has established a large network of partners to implement the activities that it finances. Collaboration varies, depending on the nature of the programs or supported projects, and can take on different forms: program contributions, mandates conferred for the realization of projects or specific tasks, or co-financings. Swiss non-governmental organizations (NGOs) remained privileged partners for implementing cooperation projects with countries of the South and the East. Nineteen large NGOs and Swiss umbrella organizations benefit from a program contribution which allows the SDC to finance numerous projects implemented by these organizations. The SDC also collaborates closely with Swiss research and training institutions active in development policy, and develops synergies with the private sector. With co-financings and contributions, it participates in humanitarian programs and in the activities of international organizations, in addition to directly supporting a large number of partners of the South and in the East, including local NGOs, regional research institutions or governmental agencies of partner countries.

Graph 2
Bilateral expenditures of SDC development cooperation by themes 2007 (mil. CHF)



The SDC's principal task is to contribute to sustainable development and poverty reduction. Since 2007 the SDC has been focusing its activities on 10 thematic priorities in order to increase the effectiveness and coherence of its cooperation with countries of the South (and also on reconstruction in the wake of emergency situations). Although closely linked, each theme contributes towards achieving a partially different objective.

The above diagram shows the allocation of resources to these different themes but does not take into account expenditures that cannot be assigned to one sector (multisectorial, program contributions to NGOs or operating costs). Financially speaking, the large areas of natural resource management (rural development, water and the environment), governance in the broad sense and social development (health and education) remain the main areas of intervention of the SDC's development cooperation.

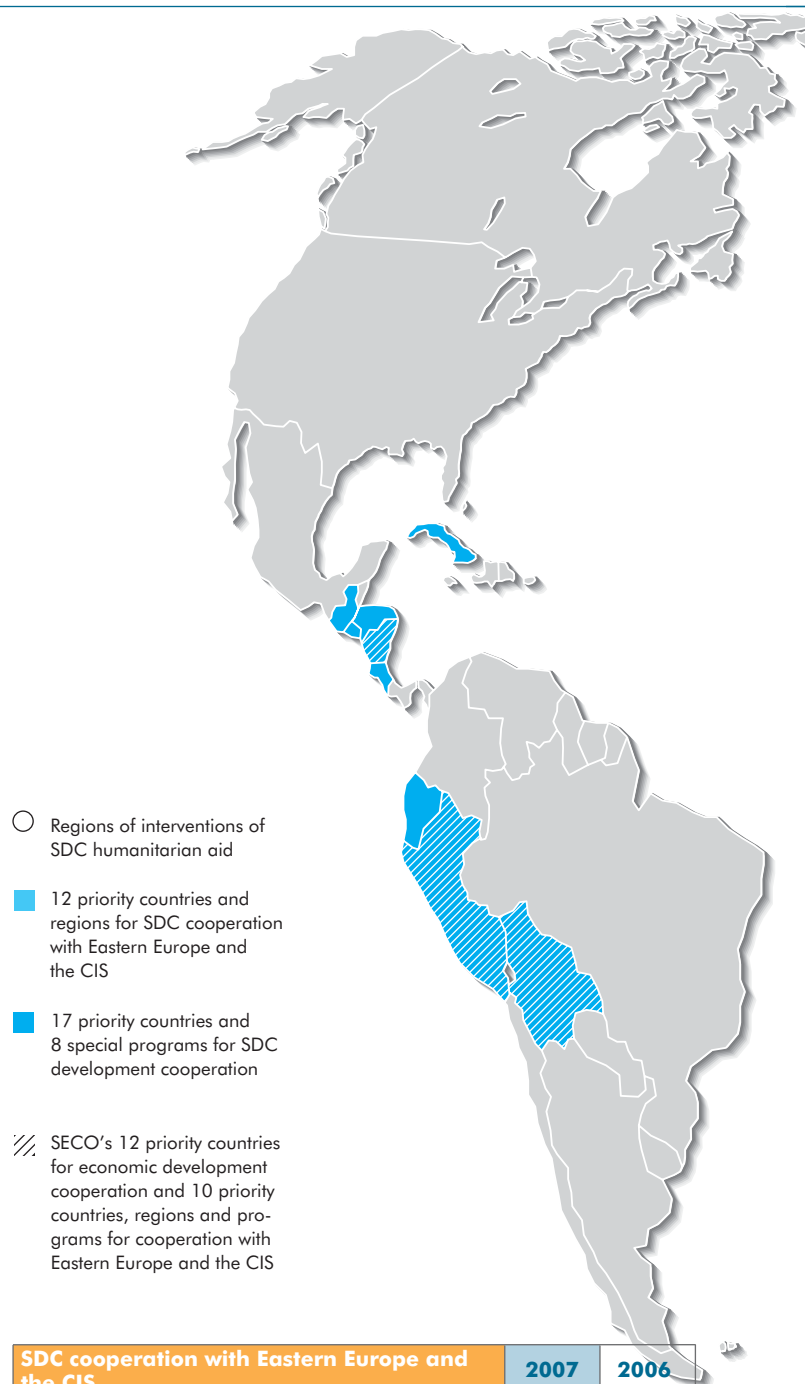
Table 3

Total SDC and SECO (WE) expenditures by priority countries and regions 2007 (mil. CHF)

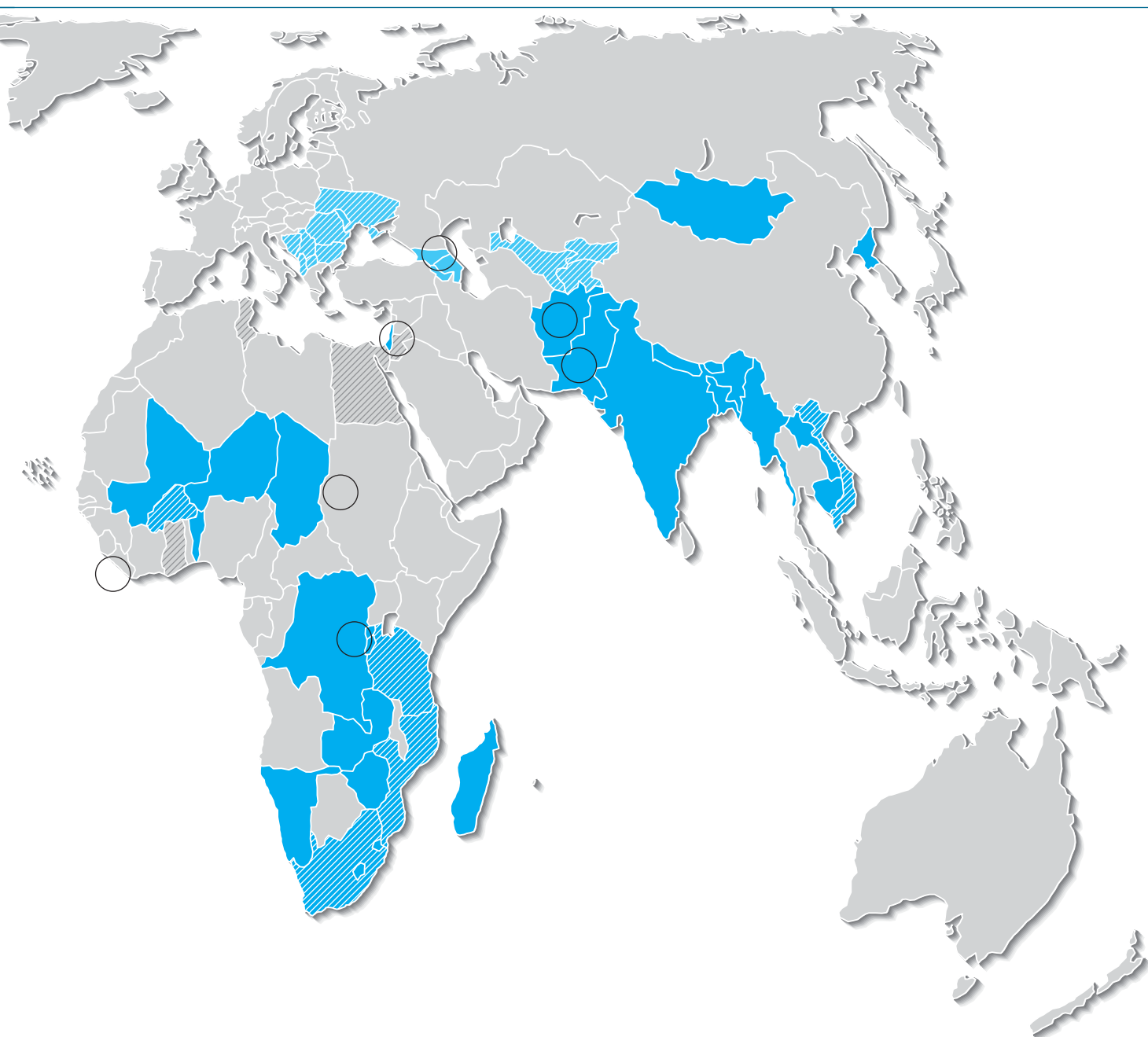
SDC cooperation with the South	2007	2006
Priority countries and regions	233.6	233.3
Vietnam/Mekong	23.4	22.8
Nicaragua/Central America	21.3	20.3
Bangladesh	20.7	15.3
India	17.1	21.1
Nepal	16.8	17.8
Mozambique	16.4	14.0
Tanzania	15.6	17.4
Pakistan	14.7	14.1
Bolivia	12.9	11.4
Burkina Faso	11.8	13.4
Mali	11.2	8.7
Chad	10.7	9.9
Niger	10.3	10.4
Peru	9.3	11.5
Benin	8.7	10.2
Ecuador	7.6	8.9
Bhutan	5.2	6.2
Special programs	76.3	70.4
Gaza and the West Bank	15.3	12.7
Afghanistan	14.6	11.7
South Africa/Southern Africa	13.8	17.8
Rwanda/Great Lakes	13.4	9.7
Madagascar	6.2	7.2
Mongolia	5.8	4.0
North Korea	3.6	4.7
Cuba	3.5	2.4
Other activities	271.0	261.8
Other countries and regions	43.6	45.6
Program contributions to NGOs	60.3	61.8
Contributions and mandates to organizations	73.9	76.9
Operating costs	93.2	77.6
Total	580.9	565.5

Multilateral cooperation	2007	2006
General contributions to international organizations	378.4	354.2

SDC humanitarian aid	2007	2006
Regions of intervention	73.8	93.9
Great Lakes	15.4	15.2
Sudan/Chad	14.9	15.8
Liberia	8.3	7.2
Afghanistan	6.8	8.9
South Caucasus	6.3	7.8
Jordan, Syria, Lebanon	6.0	15.1
Pakistan	5.8	7.9
Gaza and the West Bank	5.7	10.1
North Caucasus, Russia	4.7	6.0
Other activities	213.4	207.6
Other countries and regions	77.7	74.3
General contribution to ICRC	70.0	70.0
General programs, logistics and operating costs	40.5	35.6
Contributions to international organizations	25.1	27.7
Total	287.1	301.5



SDC cooperation with Eastern Europe and the CIS	2007	2006
Priority countries and regions	70.7	77.6
Central Asia	20.2	18.4
Bosnia and Herzegovina	9.8	10.6
South Caucasus	8.2	8.6
Serbia (without Kosovo)	7.5	6.9
Albania	7.1	8.7
Macedonia	6.2	5.5
Ukraine	5.3	7.5
Bulgaria	3.2	5.8
Romania	3.2	5.5
SDC special programs	12.8	16.1
Kosovo	6.4	7.6
Moldova	4.1	4.7
Russia	2.4	3.7
Other activities	13.0	14.9
Regional thematic programs Western Balkans	6.7	7.1
Other countries and regions and operating costs	6.3	7.8
Total	96.5	108.6



SECO development cooperation	2007	2006
Priority countries and programs	83.1	79.9
Ghana	15.8	17.0
Vietnam	12.6	8.7
Mozambique	9.5	11.6
Tanzania	9.2	12.1
Burkina Faso	8.9	9.3
Egypt	7.7	2.5
Nicaragua	7.6	7.9
South Africa	6.7	5.5
Peru	3.4	1.7
Bolivia	0.9	1.8
Jordan	0.7	0.7
Tunisia	0.1	1.2
Other	66.8	73.8
Regional programs and other countries	24.2	40.1
Various contributions and administrative costs	42.6	33.7
Total	149.9	153.7

SECO cooperation with Eastern Europe and the CIS	2007	2006
Priority countries, regions and programs	35.2	60.1
Central Asia	15.0	23.6
Azerbaijan	5.7	2.2
Kosovo	3.5	1.2
Bosnia and Herzegovina	3.1	1.1
Albania	1.7	2.5
Serbia	1.4	13.0
Romania	1.3	10.5
Ukraine	1.3	3.4
Macedonia	1.3	1.5
Bulgaria	0.9	1.3
Other	17.2	19.3
Regional programs and other countries, administrative costs	17.2	19.3
Total	52.4	79.4

Graph 3
Humanitarian aid by intervention areas (mil. CHF)

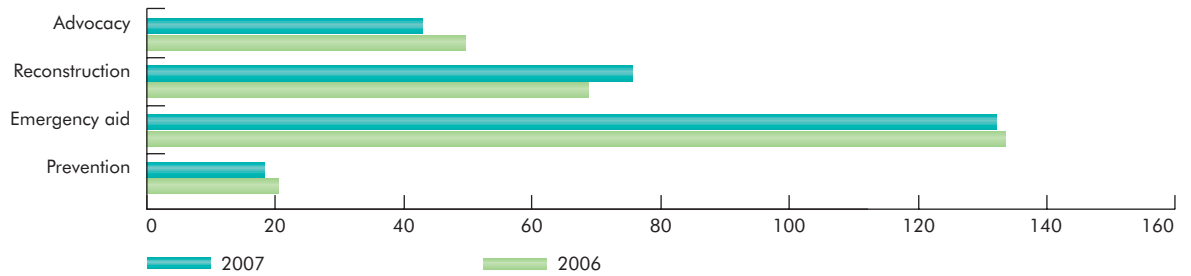


Table 4
SDC humanitarian aid 2007 (mil. CHF)

	General contributions	Specific contributions	Food aid	Total
International organizations	25.1	48.6	21.1	94.8
World Food Programme (WFP)	2.0	16.1	20.0	38.0
Office of the UN High Commissioner for Refugees (UNHCR)	11.0	14.2	–	25.2
UN Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA)	10.0	1.8	–	11.8
UN Office for the Coordination of Humanitarian Affairs (UNOCHA)	1.7	11.7	–	13.3
UN Children’s Fund (UNICEF)	–	1.2	–	1.2
Other international organizations	0.5	3.7	1.2	5.3
Organizations of the International Red Cross	70.8	28.7	–	99.5
International Committee of the Red Cross (ICRC)	70.0	26.9	–	96.9
International Federation of Red Cross and Red Crescent Societies (IFRCRCS)	0.8	1.8	–	2.6
Bilateral interventions and administrative costs	–	80.8	12.0	92.8
Swiss NGOs	–	16.0	8.4	24.4
International and foreign NGOs	–	10.4	0.0	10.4
Direct interventions by the Swiss Humanitarian Aid Unit (SHA) and Swiss Rescue	–	26.4	3.4	29.8
Operating and personnel costs	–	27.9	0.3	28.2
Total humanitarian aid 2007	95.9	158.1	33.2^{a)}	287.1
Total humanitarian aid 2006	98.4	169.6	33.5	301.5

^{a)} This figure includes CHF 19 million in Swiss dairy products and CHF 14 million in grain

Graph 4
Missions by Swiss Humanitarian Aid Unit (SHA) 1997–2007

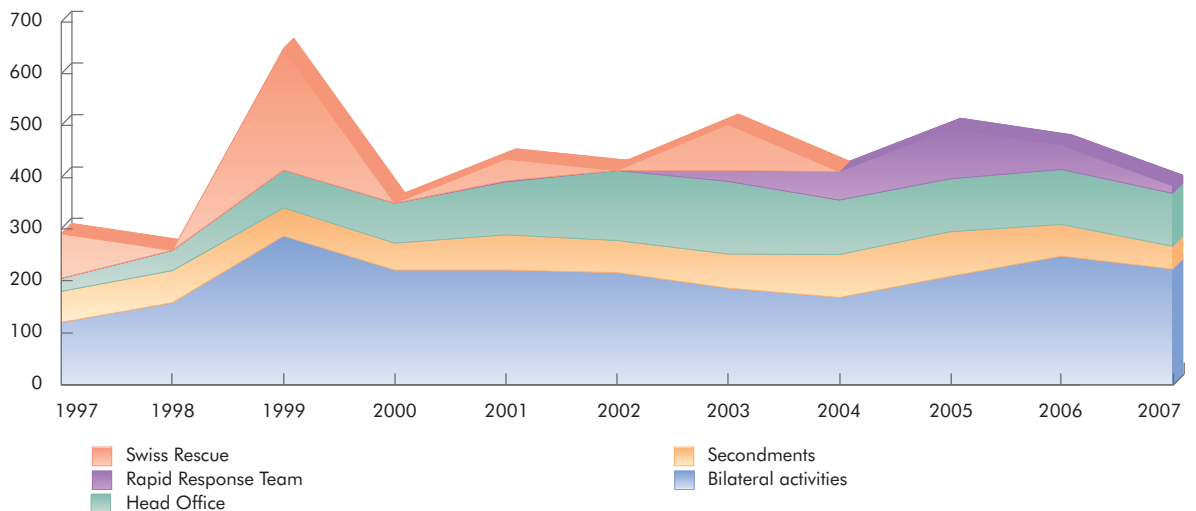


Table 5
SECO (WE) development cooperation by instruments and continents 2007 (mil. CHF)

Instruments	Africa	Latin America	Asia	Not specified	Total
Macroeconomic aid	34.8	7.2	1.0	4.6	47.6
Financing of infrastructures	8.8	1.2	1.6	0.1	11.7
Trade promotion	4.9	4.5	5.1	12.3	26.8
Investment promotion	16.8	5.6	10.6	18.4	51.4
Studies and others	4.8	0.1	0.3	7.3	12.4
Total 2007	70.1	18.5	18.6	42.7	149.9
Total 2006	85.2	16.6	18.2	33.7	153.7

Table 6
SDC and SECO (WE) cooperation with Eastern Europe and the CIS in 2007 (mil. CHF)

SDC technical cooperation by sectors	West Balkans	CIS ^{a)}	Not specified	Total
Rule of Law/Democracy	18.6	7.6	0.3	26.5
<i>of which: Culture and research</i>	3.0	0.9	–	3.9
Health	6.9	11.5	0.2	18.5
Agriculture and rural development	3.7	7.8	–	11.5
Environment, water	4.4	4.8	0.1	9.3
Education	5.8	1.9	0.0	7.8
Economy and employment	3.2	1.0	0.0	4.3
Conflict prevention and transformation	0.9	1.2	–	2.1
Other sectors	11.9	4.3	0.4	16.6
Total SDC 2007	55.5	40.1	1.0	96.5

SECO economic cooperation by instruments	West Balkans	CIS ^{a)}	Not specified	Total
Financing of infrastructures ^{b)}	9.9	19.3	–	29.2
Trade promotion	2.0	1.2	2.4	5.7
Investment promotion	5.4	4.6	2.3	12.2
Macroeconomic aid	0.2	0.5	–	0.7
Others	4.1	0.1	0.3	4.6
Total SECO 2007	21.7	25.7	5.0	52.4

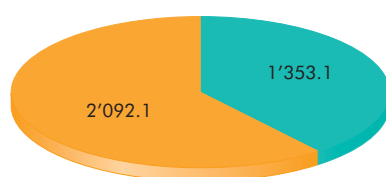
Total SDC/SECO 2007	77.2	65.8	6.0	148.9
Total SDC/SECO 2006	105.3	75.0	7.8	188.1

^{a)} Commonwealth of Independent States

^{b)} Of which notably projects in the energy, water and environment sector

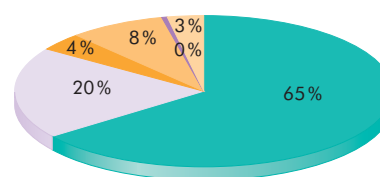
Graph 5
SDC and SECO (WE) cooperation with Eastern Europe and the CIS by instruments (mil. CHF)

Total commitments to end 2007 (framework credits I–IV)



Technical cooperation SDC
Economic cooperation SECO (WE)

Total disbursements 2007



Technical cooperation
Financing of infrastructures
Trade Promotion
Investment promotion
Macroeconomic aid
Others

Definition

The concept of Official Development Assistance (ODA) is defined on the international level as being the total of all financial flows (i) from the official public sector to developing countries and territories and to multilateral organizations active in development (ii) with the promotion of economic development and welfare as its main objective (iii) at concessional financial terms.

Rules for ODA Reporting

To ensure the comparability and transparency of ODA contributions, the Development Assistance Committee (DAC) of the OECD has established comprehensive statistical reporting directives to regulate the reporting procedures of member countries. These rules define the activities and contributions that fall under ODA, specifying the countries and international organizations that receive ODA. The directives are periodically updated.

The list of ODA recipient countries was established in 1969 by the DAC and is periodically adapted to account for political and economic changes. The current list of ODA recipients covers all countries with low to middle income and includes 152 developing countries and territories. It excludes the members of G8 or the European Union.

The list of international organizations registers all organizations whose general contributions can be accounted as ODA. The performances of CAD donor countries are usually compared on the basis of the ODA percentage in their gross national income (GNI).

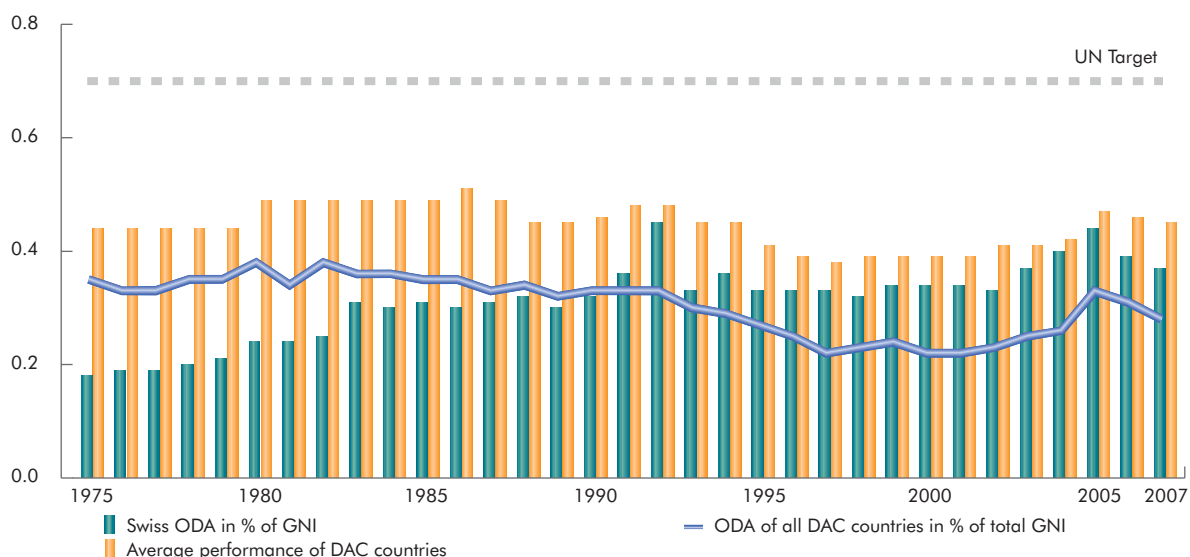
Swiss ODA Reporting

The reporting of Swiss ODA complies with international directives. In recent years Switzerland made some statistical adaptations to its manner of calculating the ODA in order to align itself more systematically with the practices of the majority of DAC reporting countries. Included in the ODA as of 2003 is bilateral debt relief granted to developing countries in the framework of the Club of Paris, as of 2004 the costs related to asylum seekers from developing countries during their first year of stay in Switzerland, and as of 2005 military material donations destined for humanitarian purposes.

Composition of Swiss ODA

On the institutional level, Swiss ODA contributions stem mainly from the SDC and SECO (Economic Cooperation and Development, WE) budgets. Other federal offices as well as 24 cantons and about 200 communes participate in Switzerland's international cooperation.

Graph 6
ODA in % of Swiss GNI and DAC countries 1975–2007



The decreasing trend in official development assistance (ODA) in all member countries of the OECD's Development Assistance Committee (DAC) continued in 2007. The total ODA reached USD 103.7 billion, thus marking a drop of 8.4% in real terms in 2007. This fall reflects the end of exceptionally high levels of debt relief. The average effort of DAC countries (the average of individual ODA/GNI percentages) amounted to 0.45%, which is 0.01% less than in 2006. With its 0.37%, Switzerland ranks 13th among the 22 DAC countries in terms of ODA/GNI percentage and 16th in absolute terms.

Most donors are not on track to meet their stated commitments to scale up aid. In 2007 only five countries (Denmark, Luxembourg, Norway, the Netherlands and Sweden) reached the ODA target of 0.7% set back in 1970 by the United Nations, and two others (Austria and Ireland) surpassed the average CAD target of 0.45%.

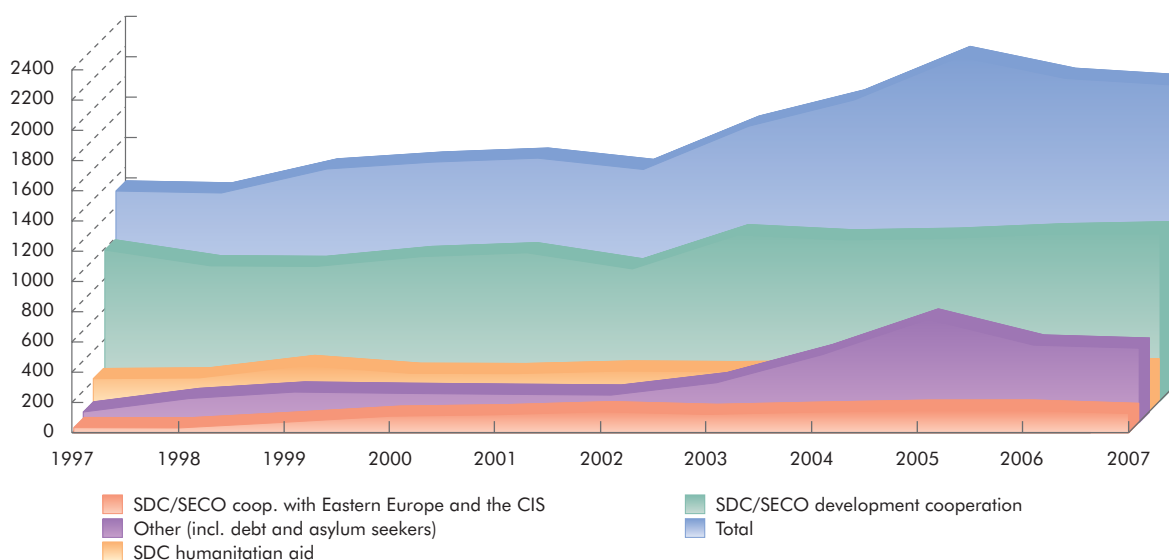
Table 7
Swiss official development assistance (ODA) in 2007 (mil. CHF)

	2007			2006		
	Bilateral ODA	Multi-lateral ODA	Total ODA	Bilateral ODA	Multi-lateral ODA	Total ODA
Confederation	1'486.3	495.0	1'981.3	1'537.8	491.8	2'029.6
Swiss Agency for Development and Cooperation (SDC)	923.2	419.5	1'342.6	921.2	427.0	1'348.2
Humanitarian aid	256.7	25.1	281.9	267.3	27.7	295.0
Development cooperation	579.6	394.3	973.9	562.7	399.3	962.0
Cooperation with Eastern Europe and the CIS	86.8	–	86.8	91.1	–	91.1
State Secretariat for Economic Affairs (SECO)	254.2	2.6	256.9	319.2	6.7	325.9
Development cooperation	141.7	2.6	144.3	136.4	6.7	143.1
Cooperation with Eastern Europe and the CIS	42.0	–	42.0	60.1	–	60.1
Debt relief (Club of Paris)	70.5	–	70.5	122.7	–	122.7
Federal Office for Migration (FOM)	192.3	–	192.3	179.7	–	179.7
Return assistance	9.3	–	9.3	13.8	–	13.8
Assistance for asylum seekers in Switzerland	182.9	–	182.9	165.9	–	165.9
Political Affairs Division IV and Directorate of Public International Law (FDFA)	48.1	7.9	56.0	45.3	4.0	49.3
Conflict transformation and Human Rights	48.1	7.9	56.0	45.3	4.0	49.3
Federal Department of Defence, Civil Protection and Sports (DDPS)	52.1	8.4	60.5	57.1	4.0	61.1
Activities for promotion of peace and security	40.9	8.4	49.3	41.0	4.0	45.0
Supplies for humanitarian purposes	11.2	–	11.2	16.2	–	16.2
Other federal offices	16.5	56.6	73.1	15.2	50.2	65.4
Cantons and municipalities	39.1^P	–	39.1^P	33.7	–	33.7
Total	1'525.5	495.0	2'020.5	1'571.4	491.8	2'063.3
ODA in % of gross national income (GNI)			0.37%			0.39%

In 2007 Swiss official development assistance (ODA) continued to decrease, reaching 0.37% of gross national income (GNI) compared to 0.39% in 2006 and 0.44% in 2005. The ODA amounted to CHF 2,020 million, which is a decline of 3% in real terms compared to 2006. This reduction is mainly due to the lower amount allocated to debt relief in 2007.

The breakdown of aid categories changed little in relation to 2006. The share of ODA attributed to the SDC's and SECO's development cooperation activities stabilized at 55%, while their humanitarian aid and cooperation with the East remained practically the same (14% and 6%, respectively). Contributions from other federal offices, cantons and communes, including statistical adjustments, represent 24% of the total.

Graph 7
Swiss ODA by aid category 1997–2007 (mil. CHF)



Graph 8

Breakdown of bilateral ODA by continent 2007 (mil. CHF)

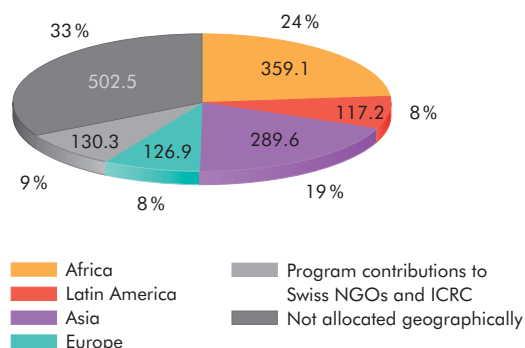


Table 8

Bilateral ODA according to income category 2007 (mil. CHF)

	2007	2006
Least-developed countries (LDCs)	328.0	312.5
Low-income countries	196.6	237.0
Middle-income countries	272.6	374.2
Program contributions to NGOs (unclassified) and to the ICRC	130.3	77.4
Regional projects and not distributed by country	598.0	570.3
Total bilateral ODA	1'525.5	1'571.4

As in the past, Swiss bilateral ODA is principally intended for low-income countries and is mainly concentrated on Africa and Asia. In recent years the geographical distribution has been affected by exceptional debt reliefs. If the latter are disregarded, the share of ODA intended for different country categories changed little in 2007. The total amounts not distributed by country amalgamate expenditures allocated to programs and projects implemented on a regional basis, mandates assigned to development organizations for training purposes, research or thematic advice, as well as operating costs and logistics in Switzerland. The costs of assistance to asylum seekers are also included in these unclassified costs.

Table 9

Swiss multilateral ODA in 2007, general contributions (mil. CHF)

	2007	2006
United Nations organizations (UN)	145.4	144.4
UN Development Programme (UNDP)	52.0	52.0
UN Children's Fund (UNICEF)	18.0	18.0
UN Population Fund (UNFPA)	12.5	12.5
Office of the UN High Commissioner for Refugees (UNHCR)	11.0	11.0
UN Relief and Works Agency for Palestinian Refugees in the Near East (UNRWA)	10.0	12.5
Contributions to UN organizations partly included in ODA figures	19.3	16.0
Other UN organizations	22.6	22.4
International Financial Institutions	283.6	289.0
International Development Association (IDA)	200.4	204.5
African Development Fund (AfDF)	51.2	55.4
Asian Development Fund (AsDF)	13.3	13.3
International Fund for Agricultural Development (IFAD)	7.1	7.1
Other development funds and financial institutions	11.7	8.8
Other institutions	66.1	58.4
Global Environment Facility (GEF)	18.8	16.1
Consultative Group on International Agricultural Research (CGIAR)	12.0	12.0
Geneva Centre for the Democratic Control of Armed Forces (DCAF)	8.3	-
Geneva International Centre for Humanitarian Demining (GICHD)	8.0	8.0
Global Fund to fight Aids, Tuberculosis and Malaria (GFATM)	7.0	6.0
Other institutions	11.9	16.3
Total multilateral ODA	495.0	491.8

Multilateral ODA includes the general contributions paid to international development institutions which fulfill DAC conditions for being included in ODA. Contributions to international non-governmental organizations (including the ICRC) are included in bilateral ODA.

The multilateral component of ODA represented 24% in 2007, corresponding to the average observed since 2000. Distribution between the three pillars of multilateral ODA remained stable: the specialized agencies in the United Nations system absorbed approximately 30%, as in the past, while the International Financial Institutions (IFI) represent more than half. As of 2007, contributions to the DCAF budget are reported as ODA.

The main theme of the **Annual Conference of Swiss Humanitarian Aid** was «Early Recovery: first steps into a new future,» referring to the early restoration of basic living conditions in areas hit by disasters or war. Approximately 800 invited guests attended the conference in the Kursaal in Bern on March 16. Using intervention areas such as Lebanon, Sudan, Pakistan and the Russian Federation (Beslan) as specific project examples, speakers illustrated how humanitarian aid supports people in taking their first steps back into difficult everyday life following the devastation of wars or disasters.

Geneva was the scene of this year's **Annual conference on Development Cooperation** on September 14 where the main theme was «Youth and Development». Participants included numerous young people who played an active role at the full-day conference under the motto «We care, you too?»; for the first time, an encouragement award was conveyed to young people who had initiated projects designed to overcome poverty. That youth can act as both players and partners in development cooperation was not least demonstrated by the example from Burkina Faso.

The **Annual Conference on Switzerland's Cooperation with Eastern Europe** held on November 15 in Lucerne focused on the Swiss contribution to the EU enlargement. Government representatives from Switzerland and the EU commented on such leading questions as what can our country do to reduce the economic and social disparities in the extended EU, and what importance do our partner countries allocate to Switzerland's contribution. Presenting the viewpoints of Switzerland's partner countries were Karel Schwarzenberg, the Czech Foreign Minister, Piotr Grzegorz Wozniak, the Polish Economic Affairs Minister and Rimantas Sadzius, the Lithuanian Finance Minister.

More detailed information is available in the annual SDC publication «Aide au développement de la Suisse» and on the SDC's web site
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